FISCAL NOTE

SB 2553 - HB 2895

February 18, 2000

SUMMARY OF BILL: Allows the Tennessee Higher Education Commission to enter into reciprocal agreements with any state to allow the admission of students from any state to Tennessee colleges and universities at Tennessee in-state student tuition rates *if* the other state will allow Tennessee students to attend the same type of colleges and universities in the other state at that state's in-state tuition rate.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds $500,000

Assumes lost revenues to UT and Board of Regents systems will be replaced with state funds.

This estimate is based on the following information:

- For each out-of-state student who is enrolled in a UT institution, revenues would decrease by $6,371 (UTK) or $5,523 (UTC or UTM) annually. For each out-of-state student enrolled in a Tennessee Board of Regents institution, revenues would decrease by $5,424 (Universities) or $3,767 (2-Year Institutions). Since the formula calculation recognizes out-of-state tuition as a funding source, when out-of-state revenue decreases, the state's share of the formula cost increases. It takes approximately 16 out-of-state students attending UTK, *or* 18 out-of-state students attending one of the other universities, *or* 27 out-of-state students attending one of the community colleges to result in such costs exceeding $100,000.
- Current out-of-state enrollments indicate that approximately 41 states and the District of Columbia have more than 18 students attending a UT or TBR institution. Thus, if reciprocity agreements were made with any one of these 42 states, any affected Tennessee institution would automatically lose out-of-state tuition. This estimate assumes a minimum of 100 students will receive such reciprocity. There are approximately 6,000 out-of-state students in the UT system and approximately 8,000 out-of-state students in the Board of Regents system. (*Note*: Every SREB state has at least 200 of its citizens attending a Tennessee public institution.)

Factors which will affect the fiscal impact are:

1. Which states will enter into reciprocity agreements with Tennessee.
2. Whether the reciprocity agreement would apply to the entire state or only selected counties in the respective states.
3. The number of additional students who would elect to come into Tennessee from out-of-state or which Tennessee institution they would elect to attend.
4. The number of students who would elect to leave Tennessee to go to an out-of-state institution under a reciprocity agreement.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James A. Davenport

James A. Davenport, Executive Director